

MUR # 7121



FACT

FOUNDATION FOR
ACCOUNTABILITY
AND CIVIC TRUST

July 26, 2016

Federal Election Commission
Office of the General Counsel
999 E St., N.W.
Washington, DC 20463

OFFICE OF GENERAL
COUNSEL

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RECEIVED
FEDERAL ELECTION
COMMISSION

Re: Complaint Against Michael Eggman, Eggman for Congress, and Jay Petterson

Dear Counsel:

The Foundation for Accountability and Civic Trust (FACT) is a nonprofit organization dedicated to promoting accountability, ethics, and transparency in government and civic arenas. We achieve this mission by hanging a lantern over public officials who put their own interests over the interests of the public good. This complaint is submitted, upon information and belief, to urge the FEC to take appropriate enforcement actions to address apparent violations of the Federal Election Campaign Act of 1971, as amended (FECA), and FEC regulations by Michael Eggman, a current and former Democratic candidate for U.S. House of Representatives from California's tenth congressional district; Eggman for Congress (Committee No. C00543843) (Eggman Campaign); and Jay Petterson, in his official capacity as Treasurer.

With knowledge and purpose, Michael Eggman converted his campaign committee into a vehicle to launder illegal campaign contributions for Congressman Ami Bera and the Bera family. Babulal Bera, Ami Bera's father, was convicted for his part in this illegal straw donor scam and the federal investigation is ongoing.¹ Eggman and the Eggman Campaign were integral in this process, making leading contributions to Bera for Congress and receiving reimbursement from the Bera family on the backend. The actions of Michael Eggman and Respondents enabled illegal contributions to flow through the federal campaign finance system, subverting the

¹ *United States v. Bera*, Docket No. 2:16-cr-00097-TEN (E.D. Cal. May 9, 2016).

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government's compelling interest in proper disclosure² and making a mockery of federal campaign finance law.

VIOLATIONS OF FEDERAL LAW

The following violations of campaign finance law are alleged upon information and belief:

- (1) Michael Eggman, and Eggman for Congress made contributions in the names of other persons in violation of 52 U.S.C. § 30122 and 11 C.F.R. § 110.4 (b)(1)(iii); and
- (2) Michael Eggman, Eggman for Congress, and Jay Petterson knowingly accepted unlawful contributions in violation of 52 U.S.C. § 30122 and 11 C.F.R. §§ 103.3 (b) and 110.4 (b)(1)(iv); and
- (3) Michael Eggman, Eggman for Congress, and Jay Petterson failed to file complete and accurate reports with the FEC as required by 52 U.S.C. § 30104 (a)(2) and 11 C.F.R. § 104.14 (d).

FACTUAL & LEGAL ANALYSIS

I. Michael Eggman and Eggman for Congress Made Illegal Contributions

As integral players in the Bera family's illegal straw donor scam, Michael Eggman and the Eggman Campaign exhibited flagrant disregard for federal law. For his part, Michael Eggman knowingly and willfully used Eggman for Congress to launder the straw donor scam's illegal contributions.

Federal law and FEC regulations specifically prohibit anyone from “[k]nowingly help[ing] or assist[ing] any person in making a contribution in the name of another.” 52 U.S.C. §30122; 11 C.F.R. § 110.4 (b)(1)(iii). A person violates this prohibition by “giving money or anything of value, all or part of which was provided by another person (the true contributor) without disclosing the source of the money[.]” 11 C.F.R. § 110.4 (b)(2)(i).

With knowledge that the contribution would be reimbursed by the Bera family, Michael Eggman, through the Eggman Campaign, contributed \$1,000 to Bera for Congress.³ This leading contribution was reimbursed ten days later by the true contributor, Babulal Bera, the convicted

² See, e.g., *Citizens United v. FEC*, 558 U.S. 310 (2010).

³ See Ami Bera for Congress July 2013 Quarterly Report; Eggman for Congress July 2013 Quarterly Report.

felon⁴ and father to Congressman Ami Bera.⁵ Not only did Eggman and the Eggman Campaign have knowledge of Mr. Bera's illegal contribution, Mr. Bera's illegal contribution would not have been made without Eggman's "help" and "assistance" in the form of the leading contribution. Further, **at no time did Michael Eggman or Eggman for Congress report or reveal that Babulal Bera was the true contributor.**⁶ As a result, Michael Eggman illegally laundered contributions through Eggman for Congress in order to help Babulal Bera evade contribution limits.

II. Michael Eggman, Eggman for Congress, and Jay Petterson Accepted Illegal Contributions

As part of their participation in the Bera Family straw donor scam, and with full knowledge of their unlawful provenance, Michael Eggman, Eggman for Congress, and Jay Petterson, in his official capacity as Treasurer, knowingly accepted contributions they knew to be unlawful.

Federal law and FEC regulations require that candidates, their campaign committees, and their Treasurers "accept [no] contributions made by one person in the name of another." 52 U.S.C. § 30122; 11 C.F.R. § 110.4 (b). Campaign committees that receive or become aware of unlawful contributions are required to disgorge such contributions. 11 C.F.R. § 103.3 (b).

There is no reasonable construction of facts in which Michael Eggman and Respondents did not know that the dollars Babulal Bera contributed to Eggman for Congress were tainted. Eggman worked closely with the Bera family, and as part of their massive straw donor scam, used Eggman for Congress to contribute \$1,000 to Bera for Congress as a leading contribution—**the only contribution the Eggman Campaign has ever made to another campaign**

committee.⁷ Eggman knew that he was contributing on behalf of Babulal Bera and that Bera would make an equal contribution to the Eggman Campaign to reimburse Eggman's leading contribution. As promised, Bera contributed \$1,000 to the Eggman Campaign,⁸ but there is no record that Eggman ever directed Jay Petterson or any other person employed or retained by the Eggman Campaign to disgorge this clearly illegal contribution. Given the complex nature of the

⁴ In 2016, Mr. Bera pled guilty to criminal violations of federal campaign finance law. See John Myers, *'I Have, In Fact, Done the Crime': Rep. Ami Bera's Father Admits Illegal Campaign Contributions*, L.A. Times, May 10, 2016, available at <http://www.latimes.com/politics/la-pol-sac-ami-bera-father-campaign-money-20160510-story.html>.

⁵ See Ami Bera for Congress July 2013 Quarterly Report; Eggman for Congress July 2013 Quarterly Report.

⁶ See Eggman for Congress July 2013 Quarterly Report.

⁷ See, generally, Eggman for Congress Reports July 2013-May 2016.

⁸ See Eggman for Congress July 2013 Quarterly Report.

Bera family's straw donor scam and Michael Eggman's close cooperation and participation, it is clear that Michael Eggman, the Eggman Campaign, and Jay Petterson knowingly accepted unlawful contributions and should be required to disgorge any ill-gotten gains. No other explanation withstands scrutiny.

III. Michael Eggman Filed Incomplete and Inaccurate Reports

In spite of the cleverly orchestrated nature of Michael Eggman's conversion of the Eggman Campaign into an illegal money laundering enterprise for the Bera family, neither Eggman, nor his staff on the Eggman Campaign, submitted a complete and accurate report of the Eggman Campaign's activities.⁹

FECA and FEC Regulations require that "[e]ach treasurer of a political committee . . . [be] responsible for the timely and *complete* filing of the report . . . and for the *accuracy* of any information or statement contained in it." 11 C.F.R. § 104.14 (d) (emphases added); 52 U.S.C. 30104 (a)(2).

Respondents knew of the true nature of the \$1,000 contribution Michael Eggman funneled through the Eggman Campaign to Bera for Congress. However, Michael Eggman, the Eggman Campaign, and Jay Petterson declined to report Babulal Bera—the *true contributor*—as the source of the contribution on the Eggman Campaign's July 2013 quarterly report, as required by federal law. The Commission, recognizing this violation, should sanction Respondents pursuant to 11 C.F.R. § 111.8 (c) and any other provisions applicable to remedy this egregious violation.

CONCLUSION

Based upon the foregoing, FACT requests that the Federal Election Commission investigate these alleged violations of law and impose the furthest extent of all appropriate and necessary penalties, including the disgorgement of all illegal contributions.

Sworn pursuant to 18 U.S.C. § 1001.

⁹ See Eggman for Congress July 2013 Quarterly Report.

Respectfully submitted,



Matthew G. Whitaker, Executive Director
Foundation for Accountability & Civic Trust
1717 K Street NW, Suite 900
Washington, D.C. 20006

Subscribed and sworn before me on June 26, 2016.




Notary Public

My commission expires 2/19/2018

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